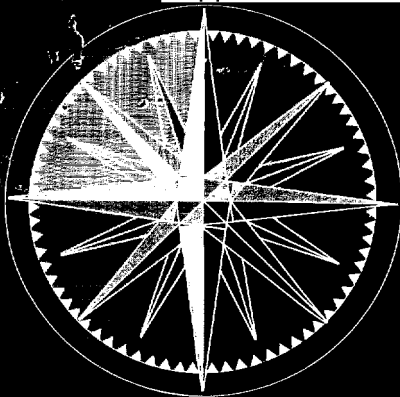


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2 April 1965

OCI No. 0283/65

Copy No. 068

WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed



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SECRET**C O N T E N T S**

(Information as of 1200 EST, 1 April 1965)

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VIETNAM	1
Hanoi's propaganda response to the bombing of the US Embassy in Saigon was unusually quick, and its content suggests that the bombing was coordinated by the North Vietnamese. The commentary reflects Hanoi's resolve to continue its support for the Viet Cong, and, like that from Peiping, depicts the bombing as symbolic of the weakness and futility of the US presence in Vietnam. Both Peiping and Hanoi are raising the spectre of a major war in an attempt to deter the introduction of more US troops in South Vietnam. In Saigon, Premier Quat has expressed the hope that indignation over the bombing will allow him to press the war effort more vigorously. US and South Vietnamese air strikes against North Vietnam last week hit seven radar installations and Dong Hoi Airfield.	
 <u>THE COMMUNIST WORLD</u> 	
THE OVERHAUL OF SOVIET AGRICULTURE	6
Last week's central committee actions foreshadow government support of agriculture to a degree unknown in Soviet history. Some of the basic problems will not be touched, but the program outlined for the rest of this decade should correct some of the defects which have been holding down agricultural production.	
POLITICAL IMPLICATIONS OF SOVIET CENTRAL COMMITTEE PLENUM	8
At last week's meeting of the party central committee the regime turned from what had for the most part been piecemeal readjustment of policies pushed by Khrushchev to the launching of a massive agricultural program of its own, and party first secretary Brezhnev moved to the forefront as "first among equals."	
EAST GERMAN HELICOPTERS IN BERLIN AREA	9
East German border guards have begun conducting helicopter reconnaissance around West Berlin in violation of four-power postwar agreements. The flights appear designed to familiarize border guard pilots with Berlin landmarks and with the terrain and landing conditions at border guard posts.	

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THE COMMUNIST WORLD (continued)

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CHINA REVISES POPULATION FIGURE

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The new figure of 760 million--derived from an unpublished effort last year to correct population registration data--is an increase of about 170 million over the first mainland census in June 1953. It may, however, include the 12 million people on Taiwan and the 13-15 million Overseas Chinese.

ASIA-AFRICA

LAOTIAN GOVERNMENT QUELLS RIGHTIST REVOLT

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Army units quickly regained control of Thakhek from elements loyal to ousted General Phoumi.

COMMUNIST ROAD CONSTRUCTION IN LAOS

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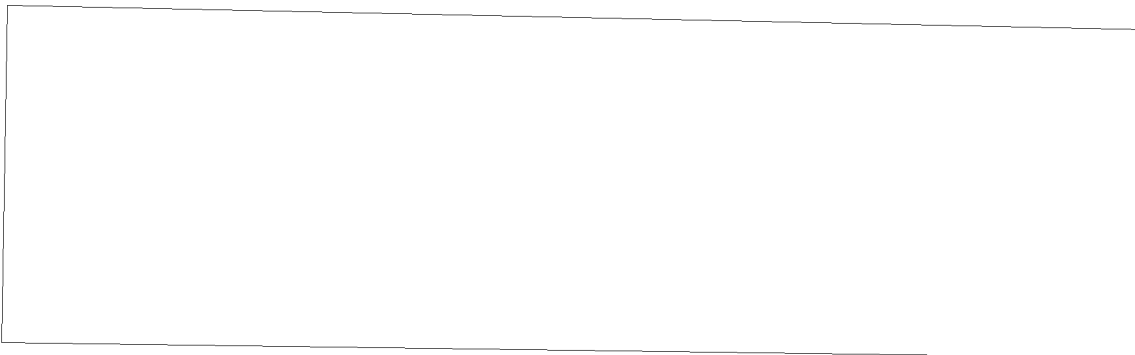
Improvement of a trail north of the Plaine des Jarres will enable trucks to move between the Plaine and Lai Chau in North Vietnam.

COMMUNIST SUBVERSION IN THAILAND

12

Sporadic acts of terrorism underline the Communists' efforts in the remote northeast, and wider efforts throughout the country may be designed to influence elections due later this year.

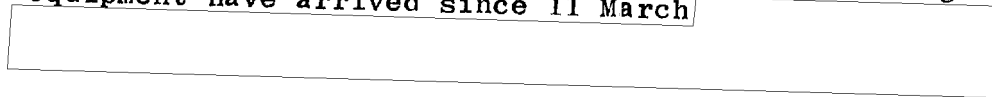
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CYPRUS MISSILE CRISIS EASES

13

No ships bearing Soviet-built missiles or supporting equipment have arrived since 11 March



POLITICAL DISCONTENT IN MOROCCO

14

Last week's disturbances in Casablanca and other cities may usher in a prolonged period of political discord.

NEW GOVERNMENT FORMING IN SUDAN

15

A new coalition including leftists is being formed to rule until elections are held in the indefinite future.

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ASIA-AFRICA (continued)

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LEOPOLDVILLE FORCES SCORE RAPID GAINS IN NORTHEAST CONGO 16

All significant rebel-held towns in the area have been captured, and the supply routes from Uganda and Sudan cut off. The Fizi region on Lake Tanganyika remains troublesome.

LEFTWARD TREND CONTINUES IN BRAZZAVILLE CONGO 17

Former president Youlou's escape from detention will compound the regime's morbid fears of conspiracy from Leopoldville.

EUROPE

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INCREASING PRESSURES ON THE MORO GOVERNMENT IN ITALY 19

The center-left parties that make up Italy's governing coalition must reach agreement within the next few weeks on several extremely divisive issues or once again face the prospect of a cabinet crisis.

EURATOM DEBATES BASIC RESEARCH POLICY 20

France favors a research program less dependent on the US and more "European" in character. The advantages of this for European industry now are to be debated--first in Venice at a mid-April symposium of technical and industrial representatives and nuclear scientists, and later in the Council of Ministers and other community forums.

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WESTERN HEMISPHERE

CRISIS THREATENED IN BRITISH GUIANA'S GOVERNING COALITION 22

Premier Burnham and Finance Minister D'Aguiar, leaders of the two parties making up the coalition, are at odds over tax policy, and new clashes may arise during the three-month-old government's effort to develop a program for presentation at the legislative session opening this month.

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<u>WESTERN HEMISPHERE (continued)</u>	<u>Page</u>
LEFTISTS STAGE ARMED ATTACK IN SOUTHERN BRAZIL The army has killed or captured most of the raiders.	22
<div style="border: 1px solid black; height: 40px; width: 600px; margin: 10px 0;"></div>	
NEW TROUBLES IN BOLIVIA On the heels of last week's political crisis generated by the attempted assassination of junta chief Barrientos, the junta faces new troubles in the form of a nationwide petroleum strike and wildcat walkouts by some tin miners. Strikes by teachers and by factory and construction workers are pending.	23
CUBA AND THE SINO-SOVIET DISPUTE The Cubans continue to assert their determination to maintain an independent position in the Communist world but are finding it increasingly difficult to avoid being caught in the crossfire between Moscow and Peiping. Since last November's meeting of Latin American Communist leaders, Havana has moved closer to the Soviet position.	24

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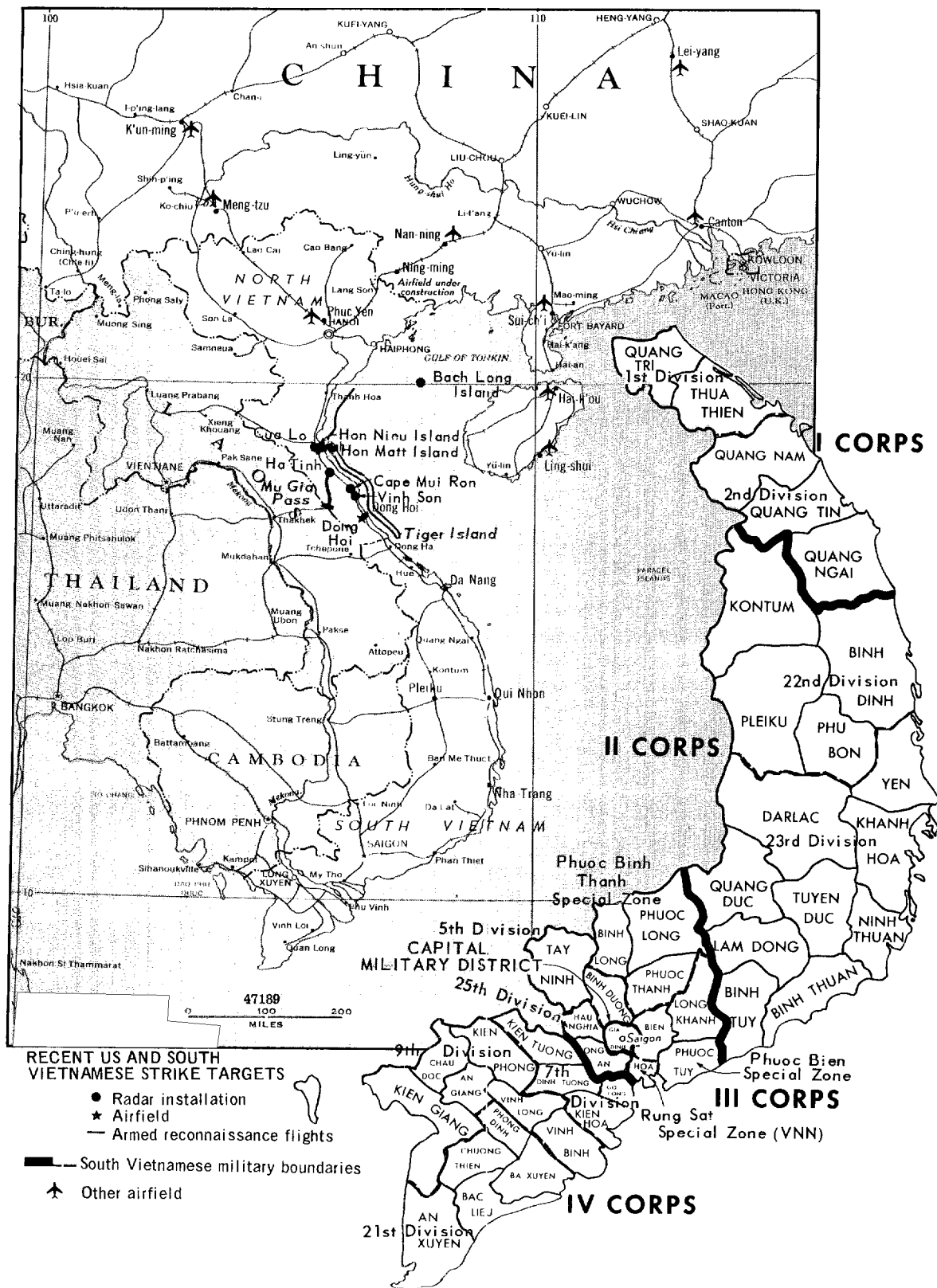
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Vietnam

VIETNAM

The propaganda response from Hanoi to the Viet Cong bombing of the US Embassy in Saigon was unusually quick, and the commentary suggests that the bombing was coordinated by the North Vietnamese. DRV approval of such a heavy, frontal assault on the US diplomatic headquarters would indicate a willingness to risk a stiff US retaliatory response. In the face of the continued US bombing of North Vietnamese targets, it reflects Hanoi's overweening confidence and defiant resolve to continue its support for the struggle in the south.

The Embassy Bombing

In the terrorist attack on 30 March, two Americans and 18 Vietnamese were killed, and 54 Americans and 129 Vietnamese injured. The explosive charge, estimated at 200-250 pounds of TNT or the equivalent, gutted the embassy ground floor, caused extensive damage to the second two floors, and severed telephone and power cables. Two Communist terrorists were directly involved in the incident; one was killed and the second was wounded and captured.

Both Hanoi and Peiping joined with the Viet Cong in depicting the bombing as symbolic of the weakness and futility of the US presence in Vietnam. Within hours of the explosion, Hanoi radio was boasting that the insurgents "will continue to strike" at

Americans if they "stubbornly cling to South Vietnam." Hanoi took note of Western press speculation that the US might step up the war still further and might even bomb Hanoi following the attack on the embassy. The North Vietnamese, however, expressed their defiance by reiterating that "no intimidation whatever can dampen the iron-like determination" of the Vietnamese, both north and south, to "deal still heavier blows" to the US.

A typical example of Peiping's commentary on the bombing appeared in a People's Daily article broadcast on 31 March. The article discussed the bombing as a retaliatory blow by the "South Vietnamese people" against alleged US aggression. According to the Chinese, it was a demonstration of US vulnerability--a "merciless sneer" by the Vietnamese people at US claims of military superiority--and evidence of the determination of the "South Vietnamese people" to struggle on until the last US soldier has been "driven out." There was a careful avoidance of any implication, however, that China might become involved in efforts to "punish" the US for its actions.

The Liberation Front, the political arm of the Viet Cong, has recently issued a number of statements apparently designed to give the impression that the US now is more than ever facing

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a united Vietnamese war effort. Its propaganda treatment of the bombing followed this pattern, claiming that it was a response to calls from both North and South Vietnamese Communist headquarters. On 31 March the North Vietnamese National Assembly Reunification Committee picked up this theme, stating flatly that the North Vietnamese people are "coordinating the battlefields in North and South Vietnam to defend the North."

The Threat of Volunteers

The stress on the unity of Asian Communists in opposition to the United States was the keynote of North Vietnamese and Chinese responses to the Liberation Front's carefully phrased request on 22 March for volunteers to fight in South Vietnam. The request was put in the form of a contingency move, to take place should US action further escalate the war either in South Vietnam, North Vietnam, or Laos. The Chinese and North Vietnamese statements in reply were intended to raise the political temperature in the Indochinese crisis, but they do not necessarily commit either Hanoi or Peiping to any particular action.

Hanoi gave full coverage to the front statement and publicized the "eagerness" of bloc youths to volunteer for service in Vietnam. It also stressed the readiness of regrouped southerners to return south. Hanoi has, so far, however, avoided any public commitment to send

native northerners to South Vietnam, stressing instead that their duty is to defend the North.

Peiping's affirmative response to the front request was summed up in a 28 March message from Communist China's Foreign Minister Chen Yi to his DRV counterpart. Peiping pledged that in addition to exerting every effort to send the South Vietnamese people "the necessary material aid," the "Chinese people" are ready to dispatch their own men to fight shoulder to shoulder with the South Vietnamese people "whenever the latter so require."

The Chinese have coupled these threats with warnings that the US is preparing to attack China. First set forth in an army journal on 26 March, this charge was picked up in a "People's Daily" editorial on 29 March, which asserted that following US "occupation" of South Vietnam and "aggression" against North Vietnam, "its next step will be aggression against China."

These new charges appear calculated to convey the impression that Peiping views US actions as a mounting danger to Chinese security and thus increase the likelihood of a major and perhaps uncontrollable war. Like the coordinated talk of "volunteers," the statements are intended to boost the morale of the Communist forces in South Vietnam, and to increase the diplomatic and political pressure on the US in hopes of deterring

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it from introducing more combat troops into South Vietnam or increasing its level of strikes on the North.

The US Air Strikes

During the week, United States and South Vietnamese aircraft stepped up the air war against North Vietnamese military targets. Strikes were conducted on five days; most of the activity was directed against seven radar installations, four of which were hit twice during the period.

The radar site at Bach Long Island was totally destroyed. Considerable damage was inflicted on the sites at Cua Lo and Ha Tinh. The radar installation on Hon Nieu Island appears to have escaped any appreciable damage. No information is available yet on the Cape Mui Ron, Vinh Son, and Hon Matt Island radar sites, which were also struck.

In addition to attacking Hanoi's early warning radar capability, a strike was conducted against the Dong Hoi airfield on 29 March with fairly good results. At least half the buildings at the field were destroyed and the asphalt runway was cratered in many places. One helicopter was also damaged.

Armed reconnaissance along the sea coast from the Demilitarized Zone to the 20th parallel was conducted on several occasions against targets of oppor-

tunity. Several small junks were sunk and damage was inflicted on several motor gunboats. Other targets of opportunity were attacked in an armed reconnaissance along Route 12.

Soviet Reaction

Soviet officials are continuing to probe for some sign of change in US policy toward Vietnam and especially toward a diplomatic settlement of the crisis. Claiming that US air strikes against North Vietnam are both futile and dangerous, they threaten that such actions might force a greater Soviet involvement in North Vietnam at the expense of US-Soviet relations.

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The Soviets continue to allege that Moscow is uncertain as to US motives in the crisis.

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In a related move, the Soviet Union has confirmed that US policy toward Vietnam will have an adverse effect on other East-West issues. Since the initiation of US air strikes

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against North Vietnam, the Soviets have indicated privately that the time is not propitious for disarmament talks. They now have officially moved to defer a resumption of the Geneva disarmament talks indefinitely. Moscow apparently feels that such negotiations would be incompatible with its unyielding public posture on the Vietnam crisis and would invite further Chinese allegations of Soviet "plotting" for peace talks.

In order to avoid a completely negative stand, however, the USSR has proposed a meeting in the next two weeks of the UN Committee for Disarmament, composed of all UN members, to work out recommendations for further steps. This obviously is a formula for protracted maneuver and delay.

South Vietnam

The South Vietnamese Government has strongly denounced the bombing of the US Embassy in Saigon as an act of murder and promised that "justice" will be done to the perpetrators.

Premier Quat has expressed the hope that indignation over the bombing will allow him to press the war effort more vigorously, particularly in terms of legal authority to deal more harshly with Viet Cong subversion and sabotage.

A public demonstration in Saigon protesting the bombing also appears to be a reflection of the Quat government's growing interest in a more effective psychological warfare effort. Top Buddhist monks have been urging more action in this field, particularly to exploit the air strikes against North Vietnam.

Buddhist leaders generally have expressed satisfaction with the Quat government to date and have, in line with government policy, recently instructed their own youth to be wary of pacifist propaganda. Catholic circles remain lukewarm toward Quat and fearful of his susceptibility to Buddhist influence.

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Military Activity in the South

Guerrilla operations in the field remained relatively light for the second consecutive week, and government forces generally failed to make any significant contact with Viet Cong main force units. However, on 31 March a major battle began in Quang Tin Province for control of a strategic government outpost south of Da Nang, and

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a significant engagement is also reported continuing in Kontum Province.

Despite the gradual decline in the intensity of the war, there has been no change in the relative balance of power and the Viet Cong still exercise de facto control over large areas of the countryside. Major transportation routes in the coastal areas of II Corps remain blocked. Other routes throughout the nation are open, but travel is restricted because of the necessity for military escort. The

Viet Cong can interdict all major lines of communications at will.

As with the February enemy offensive, the relative stand-down of Communist activity is by Viet Cong initiative. Although some government operations have achieved limited success, major elements of the Viet Cong main and guerrilla force have eluded detection and destruction. The Viet Cong military capability remains unimpaired.

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USSR: Annual Investment in Agriculture, 1964-70
(Billions of Rubles at 1955 Prices)

Table 1

	Actual	Plan	Projected				
	1964	1965	1966	1967	1968	1969	1970
State Investment	4.8	5.7	6.4	7.2	8.1	9.1	10.2
Collective Farm Investment	3.1 (a)	3.5 (a)	4.1	4.9	5.8	6.9	8.2
Total	7.9 (a)	9.2 (a)	10.5	12.1	13.9	16.0	18.4

USSR: Aggregate Investment in Agriculture, 1959-70

Table 2

	1959-65 Planned (a)		1959-65 Actual (a)		1966-70 Planned	
	Billion Rubles (b)	% of Total	Billion Rubles (b)	% of Total	Billion Rubles (b)	% of Total
State Investment	15.0	30.3	25.3 (c)	54.5	41	57.7
Collective Farm Investment	34.5	69.7	21.1 (d)	45.5	30	42.3
Total	49.5		46.4		71	

(a) Estimated

(b) At 1955 prices

(c) Includes 5.7 billion rubles planned for 1965

(d) Includes 3.1 and 3.5 billion rubles estimated for
1964 and 1965 respectively

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SECRET**The Communist World****THE OVERHAUL OF SOVIET AGRICULTURE**

Last week's central committee action in Moscow foreshadows a new era in which the government will support the agricultural sector to a degree unknown in Soviet history. Although basic problems will remain in this perennial stepchild of the Soviet economy, the program outlined for the rest of this decade--if implemented--should overcome some of the most remediable defects.

The measures adopted imply a reduction in the government's direct management of farm operations and a more stable, longer range basis for the role it retains. In addition, the regime has committed itself to greater support of the agricultural sector by means of vastly increased investment and to a more equal ratio between the prices received by the farms for their output and the prices paid by them for nonagricultural goods and services. The government clearly expects that the incentives built into the new program will result in such increased growth of agricultural production that the financial burden on the state will not become excessive.

The magnitude of the Soviet agricultural problem is reflected in Brezhnev's admission that gross agricultural output thus far under the seven-year plan (1959-65) has increased only 10 percent instead of the 70 percent planned for the entire

period. On a per capita basis this amounted to virtual stagnation, as the Soviet population has grown by about 9 percent since 1958. Brezhnev also mentioned that the annual plans for state purchases of grain had been fulfilled only three times in the past decade.

The heart of the new program to revive agricultural production is the commitment to invest a phenomenal 71 billion rubles between 1966 and 1970 in this sector plus 4 billion rubles in facilities for producing machinery and vehicles that will be used in agriculture. The first sum is almost double the estimated 36 billion rubles invested in agriculture in the preceding five-year period. The projected rate of increase for the state component in agricultural investment appears feasible, but the required growth of collective farm investment implies a rate of increase that is well above past increments. (See Table 1.)

Although Brezhnev did not specify which budget allocations would provide the additional funds, a reduction in the rate of growth of some sectors of heavy industry appears probable. The production of certain types of military equipment may also be reduced. It does not appear, however, that the agricultural program will be competitive with military research and development.

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The state is scheduled to supply about 58 percent of the investment funds to agriculture for the rest of the decade, with the collective farms providing the remainder. Assumption by the state of well over half of the investment burden reflects the failure of the policy of the seven-year plan to make the collective farms shoulder 70 percent of the total investment obligation in agriculture during 1959-65. (See Table 2.)

New measures affecting the quotas for supplying the state with agricultural products and the prices the state will pay for these products indicate a recognition that past procedures have held down total production. Delivery assignments for the major agricultural commodities--grain, meat, milk, eggs, and wool--now have been reduced significantly. The annual delivery quotas have been set through 1970 to obviate the necessity for costly changes in production plans to meet shifts in the delivery quotas.

The higher prices for farm products delivered under the mandatory quotas are in a few cases double the prevailing level and are intended to cover all costs of production. As the government admits that the new quotas will not meet the country's total requirements for grain, it has authorized bonuses of up to 50 percent of the basic purchase price for wheat and rye. Although the retail prices of bread and meat will not be changed, the public will support these higher delivery prices indirectly through the general tax system.

Other actions taken last week will accelerate the provision of agricultural chemicals, supply agricultural machinery and electricity to the farms at lower costs, and result in the irrigation of more land in the next five years than in the preceding twenty. The plenum reaffirmed the dual system of state and collective farms and made several decisions that will tend to strengthen the poorest collective farms, traditionally the weakest segment of Soviet agriculture.

The various measures involved in the program will raise its cost significantly above the 71 billion rubles allocated for investment. The net burden of the program, however, will be determined to a large extent by the degree that it results in increased agricultural production.

In the Soviet context the new agricultural program is impressive for its many far-reaching measures and for its acknowledgment that the government will further develop agriculture at the expense of other priority claimants on budget allocations. Its most obvious shortcomings are its omission of specific incentives for labor, its failure to restrict local party interference in farm management, and its preservation of the present inefficient organizational structure. As an initial and long-overdue attack on the problem, however, it goes far beyond any previous Soviet initiative in agriculture.

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The Communist World

POLITICAL IMPLICATIONS OF SOVIET CENTRAL COMMITTEE PLENUM

Last week's meeting of the Soviet party central committee marks a turning point in the development of the post-Khrushchev regime, now in office for about five and a half months. The regime turned from what had for the most part been piecemeal readjustment of policies pushed by Khrushchev to the launching of a massive agricultural program of its own, and party first secretary Brezhnev moved to the forefront as "first among equals."

At last week's meeting Brezhnev stepped boldly into the limelight as spokesman for the regime's first major new program. By doing so, he took a firmer grip on the reins of power and created the strongest impression of personal leadership since the fall of Khrushchev. Although the new program was undoubtedly worked out through the efforts of a large number of people, including several on the party presidium, it will be identified with Brezhnev and he will reap the political benefits. At this point it seems likely to prove popular with the agricultural population and to produce substantial improvements in agricultural production.

The new program (see preceding article) is clearly the product of long and careful preparation. Despite earlier evidences of differences in point of view on the resources allocation problem, the program

reveals a broad consensus among the new leaders that sharp improvement in the agricultural sector is their most crucial domestic task and that drastic measures are required to achieve it. The decision to make funds available "by redistribution within the state budget" indicates that Brezhnev has received a mandate to make substantial adjustments within the economy. The fact that he has been willing to gamble his political career on a program so heavily dependent on touchy shifts in resources suggests that his mandate is a strong one and that he is confident of his ability to surmount any opposition arising from the military or the proponents of top priority for the heavy and metallurgical industries.

The personnel shifts announced at the session, on the other hand, by their seeming lack of relationships to the main topic of the session and by the apparent absence of common rationale, suggest that in this area consensus has been difficult and the leaders have had to resort to horse trading and compromise.

The most conspicuous promotion, that of Kirill Mazurov to full member of the party presidium and first deputy premier, involves a man of no clearly outstanding talents and no administrative experience in Moscow to fit him for the

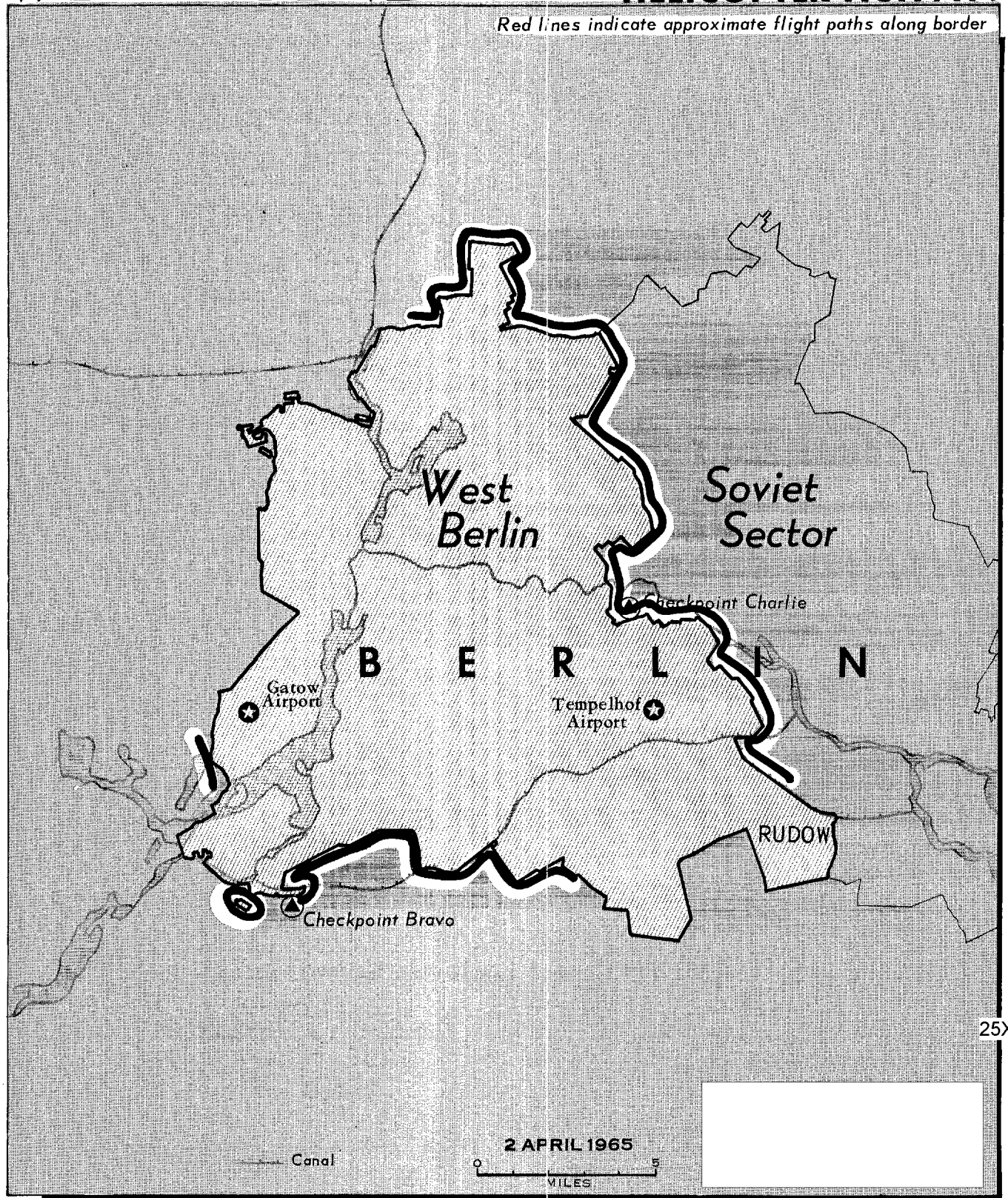
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WEST BERLIN • EAST GERMAN HELICOPTER ACTIVITY



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job as Kosygin's chief assistant. For nine years Mazurov, 51, has served as party leader of Belorussia and his record there seems relatively undistinguished. Although it is possible that he has more to offer than the record would indicate, the net impression is that he was chosen mainly for his lack of ties to any of the top leaders.

The shift of Dmitry Ustinov from the government to the party apparatus, in effect, means taking a man who because of past association and similarity of background seemed well suited as deputy to Kosygin, and pushing him head-on into a totally political milieu where he has had absolutely no experience. He was first deputy premier, but lacked the membership in the party presidium which normally accompanies this rank. Now he has been given candidate status on the presidium and transferred to work as one of the nine secretaries under Brezhnev. It seems

a toss-up whether Ustinov's transfer--and his replacement by Mazurov--is an effort to break up the Kosygin orientation in the government or whether it is a continuation of the post-Khrushchev policy of bringing expert opinion closer to party policy-making levels.

In the only other personnel changes, Vladimir Novikov was reinstated as a deputy premier and given the Supreme Economic Council post vacated by Ustinov, and Leonid Ilichev, recently named deputy foreign minister, was dropped from the secretariat. Novikov is one of several officials shunted aside by Khrushchev and returned to prominence by the new regime.

The shifts do nothing to clarify the situation in agricultural leadership where vacancies have existed for several months. The question of a replacement for Ilichev in the ideological and propaganda sphere was also by-passed. [REDACTED]

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EAST GERMAN HELICOPTERS IN THE BERLIN AREA

East German border guards have begun conducting helicopter reconnaissance around West Berlin in violation of postwar agreements that only the Occupying Powers shall make local flights within the 40-mile-wide Berlin Control Zone without clearance from all four members of the Berlin Air Safety Center (BASC).

In a series of low-level flights along sector and zonal borders on 23 March, one of the newly acquired helicopters accidentally violated the landing pattern at Gatow Airfield in the British Sector. Two others deliberately penetrated the US Sector over Rudow on 25 March.

The Gatow incident prompted an immediate protest by the British to the Russian representatives in BASC. On 29 March the Russians

--who seldom operate helicopters of their own in the area and have bitterly protested US helicopter flights over East Berlin--admitted that an East German craft had been in the Gatow area but denied that it had posed any danger to operations at the field.

The helicopter flights seem designed to familiarize border guard pilots with Berlin landmarks and with the terrain and landing conditions at the headquarter locations of each of their regiments along the periphery of the Western sectors. One helicopter flew south parallel to the sector/sector border over Wilhelmsruh and near Checkpoint Charlie on 23 March. Another flew west along the sector/zonal border and hovered over the Checkpoint Bravo where the Helmstedt Autobahn enters West Berlin at Dreilinden. [REDACTED]

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The Communist World

CHINA REVISES POPULATION FIGURE

A population count in mid-1964 revealed that China then had 760 million people, according to a recent statement of a Chinese Communist official. This figure--derived from an unpublicized effort last year to correct population registration data--is an increase of about 170 million over the first mainland census in June 1953.

The total, however, probably includes the 12 million people on Taiwan, as is normally the case with regime population figures. If it also includes the 13-15 million Overseas Chinese, which is less likely, the total for the mainland would accord with the US estimate of 738 million people for mid-1964.

Thus far, Chou En-lai is the only prominent official to have spoken out bluntly for a strong birth control program. The lack of any other high-level support, plus the vacillations

in the government's birth control efforts over the past 10 years, points up the reluctance of the leadership to endorse birth control as an official policy.

Without benefit of the usual propaganda and press treatment, however, the regime has apparently instructed local units to encourage birth limitation techniques ranging from delayed marriage through the more drastic methods of abortion and sterilization. Even the Chinese admit that these approaches have had little or no impact on the bulk of the population, however, and there is little likelihood of any significant drop in the birth rate over the next five years.

Having regained control over the death rate, which temporarily increased during the food-short years of 1960-61, the regime now faces the prospect of a net population growth rate of over 2 percent which will add more than 15 million people to the total each year. This rate of increase, coupled with virtual stagnation in food production, points up the continuing threat of a declining per capita food supply and consequent pressure of consumption needs on resources that might otherwise be used for investment and economic growth.

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Asia-Africa

LAOTIAN GOVERNMENT QUELLS RIGHTIST REVOLT

Laotian Government forces have effectively quelled a rebellion mounted last week end by elements loyal to the ousted rightist general, Phoumi Nosa-van. On 30 March, army units occupied the Mekong River town of Thakhek, which the rebels had seized two days earlier. Dissident units have dispersed north of Thakhek, with some elements reportedly seeking asylum across the Mekong in Thailand.

Phoumi's part in the rebellion is unclear, although it seems certain he was aware of planning for the operation.

[redacted]
[redacted] Phoumi prob-

ably will remain a rallying point for malcontents within the Laotian military structure and may be expected to promote continuing agitation.

The military situation remains relatively quiet. Some skirmishing has been reported in the hills between Ban Ban and Samneua. Government forces have been temporarily weakened in the Seno area of south-central Laos as a result of deployments to quell the uprising in Thakhek. In addition, the destruction in early March of a major bridge on Route 9 just east of Dong Hene has hampered the overland resupply of advance government forces along the Se Kum Kam River. [redacted]

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25X1**COMMUNIST ROAD CONSTRUCTION IN LAOS**

The first attempt to provide a truck route between the Plaine des Jarres and Communist-controlled roads in northern Laos appears to be under way.

Construction has apparently started at both ends of a trail between Ban Ban and the

vicinity of Samneua. [redacted]

[redacted] photography showed that the trail was being widened just south of Muong Ham, which is already connected by road to Samneua, and [redacted]

[redacted] at least an eight-kilometer section running northeast from Ban Ban to Lao Ya has been improved.

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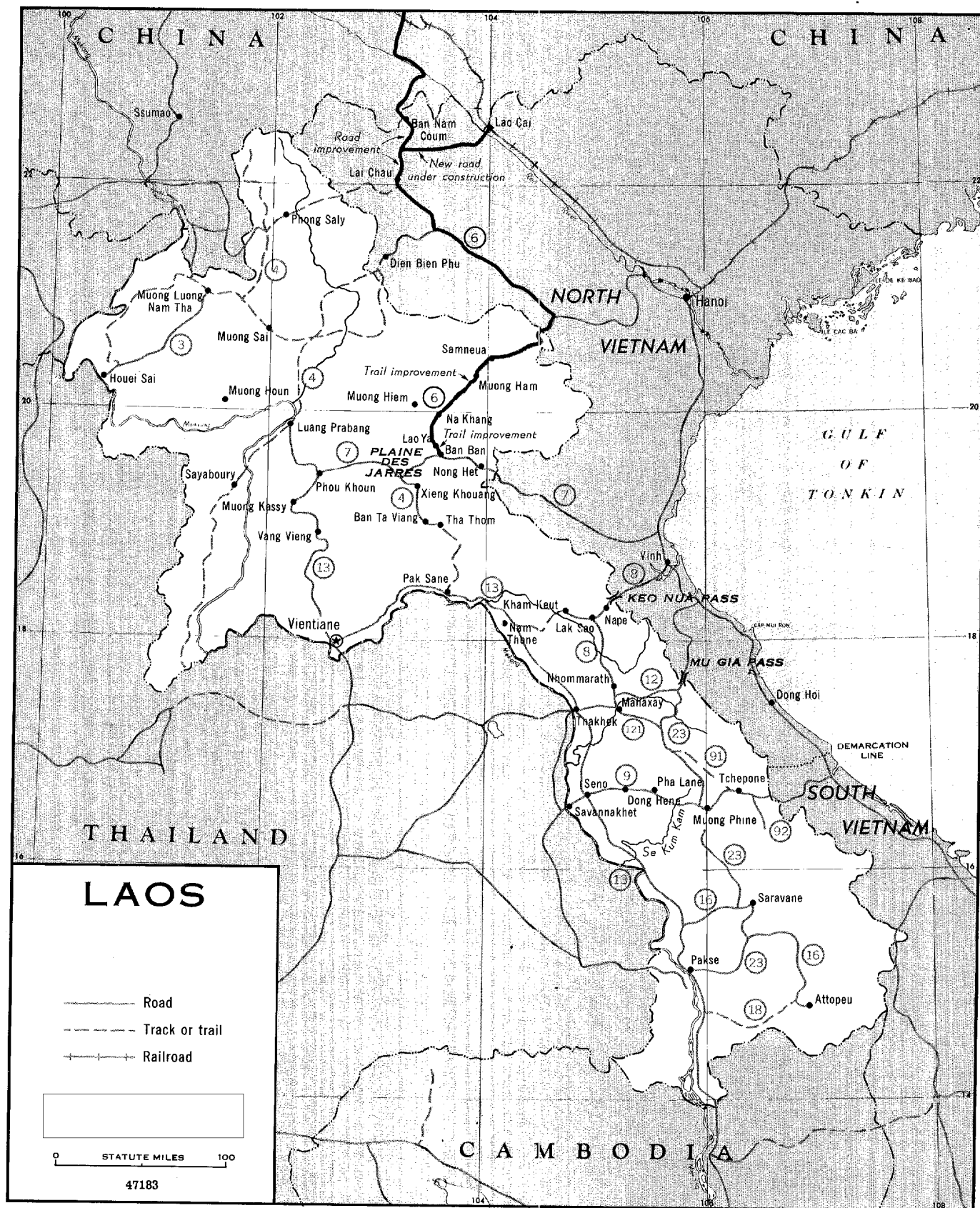
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Asia-Africa

If the entire trail is improved, a continuous truck route will be established between the Plaine and Lai Chau in North Vietnam. Roads also are being

built to link Lai Chau with Lao Cai and Ban Nam Coum near the Chinese Communist border.

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COMMUNIST SUBVERSION IN THAILAND

Indications of increasing Communist activity in Thailand continue to be a source of concern to the government.

The developing threat in northeast Thailand, where Communists have been active in modest-scale recruitment, training, and propaganda since World War II, was most recently underscored by the murder of a provincial policeman active in counterinsurgency programs. There have been at least four similar acts of terrorism in this area since late 1964 when an apparent increase in Communist propaganda and recruitment activity was first reported.

Northeast Thailand has long been a problem area to Bangkok. Economic backwardness, geographic isolation, and cultural and ethnic ties to Laos have provided fertile ground for Communist subversion.

In the past few months, however, evidence has mounted of an increase in Communist efforts throughout Thailand. Two new front groups, the Thai Independence Movement and the Patriotic Front of Thailand, have appeared. Unlike at least 15 fronts reported operating in the country since 1960, most of which have had little more than paper substance, these new or-

ganizations have received notable propaganda attention in Peiping and Hanoi. Peiping's apparently increased interest in subversion in Thailand was most recently demonstrated by a banquet given the Independence Movement's "liaison representative" on 26 March.

The Communist activity may be in preparation for national elections which are expected to be held this year. In Bangkok, the Independence Movement has been circulating tracts which attack the Thanom government as a "lackey" of US "imperialists" and which seek to exploit popular dismay over corruption in official life.

The Thanom government is fully aware of the nature of the Communist threat. It is planning new measures to supplement existing civic action programs, and has appropriated an additional \$20 million for such use in the northeast. A military roundup of subversives was mounted there in early February, but failed to uncover any Communists or evidence of Communist activity. In reaction to the bombing of the US Embassy in Saigon, army and security units have been placed on alert against the possibility of similar terrorism against US installations in Thailand.

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25X1**CYPRUS MISSILE CRISIS EASES**

One phase of the Cyprus "mis-
sile crisis," which broke out early
last month with reports that Soviet-
built SA-2 surface-to-air missiles
(SAMs) were arriving on the island,
appears to have ended. No ships
bearing missiles or SAM equipment
have arrived in Cyprus since 11
March. SAM equipment has been ob-
served on the island

The rotation of the Turkish
Army contingent was carried out with-
out serious incident on 29 and 30
March. A dispute arose over the
amount of supplies the Turks could
bring with them, but UN troops took
custody of the equipment in ques-
tion until some permanent arrange-
ment can be worked out.

The long-awaited report of UN
mediator Galo Plaza was released
on 30 March. Turkey, obviously
displeased with his backing of a
unitary rather than federal state,
immediately announced that Plaza
had exceeded his authority and that
his "capacity as mediator had
ended." There has been no official
comment from Athens, but the Greeks
presumably will dislike Plaza's re-
jection of union of Cyprus with
Greece as a solution. The Greek
Cypriot press greeted the report
with restrained optimism, while the
US Embassy in Nicosia describes the
Turkish community as "unhappy."

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Asia-Africa

POLITICAL DISCONTENT IN MOROCCO

Morocco probably is headed for a prolonged period of political strife following the suppression of last week's riots in Casablanca. Sympathetic demonstrations are continuing in many other urban centers as students refuse to attend classes until those arrested are released.

The riots grew out of demonstrations of secondary-school students on 22 March staged by various youth groups which include some Communists. The immediate issue was a decision of the Education Ministry to effect a budget cut by stopping free education at age 18 for those unable to pass examinations for higher education.

The following day left-wing labor and Communist elements, backed up by hoodlums and the unemployed, moved into action. Even the local prison was attacked, apparently in an effort to raid the arsenal. More than 40 persons were killed. The government invoked tight security measures to restore order. Some 700 persons involved have already been brought to trial and sentenced to two weeks' to two years' imprisonment. Many Communist and left-wing labor leaders continue to be rounded up.

The rioting provided the strongest evidence to date of

growing discontent with the prolonged economic stagnation. The severe repressive measures employed may spur new antipathy to the government and even to the monarchy. The cities, particularly Casablanca, already beset with massive unemployment, have been swelled by an influx of population from rural areas. Efforts of successive governments to stimulate economic development have proved inadequate.

King Hassan's position does not seem threatened for the present. His principal support is still the security forces, including the army. He has always been reluctant to delegate responsibility, and his regime has consequently lacked both efficiency and dynamism. However, he has proved himself to be a clever manipulator of the various political factions, and there is no indication that right- and left-wing opposition groups will collaborate effectively against him.

Although he is unwilling to appear to yield to pressure, Hassan may nevertheless make some cabinet changes, possibly replacing the ineffective Premier Bahnini. Nevertheless, changes are unlikely to be sweeping enough to divert attention from grievances, and discontent will continue to fester.

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NEW GOVERNMENT FORMING IN SUDAN

A new all-party coalition is being formed in Sudan to rule until elections are held in the indefinite future. The mandate of the previous government--the second transitional regime since the coup last October--expired on 31 March.

Communists and other leftists evidently are to receive the same minor positions they rejected two months ago. At that time they preferred to remain outside the cabinet so that they would be free to call strikes and demonstrations to express their opposition to government decisions. Now they presumably believe that they can better influence policy, from inside, as in the timing of elections.

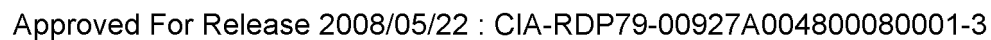
The more moderate Umma and National Union parties will continue to dominate the government. The fear of leftist street agitation had paralyzed them in the previous cabinet, and they wanted the leftists in a minor official role in the hope of exercising some measure of control over leftist action. Umma leaders have stated privately that they would like to moderate some of the positions taken by the heavily leftist-influenced civilian government formed after the October coup

last October--including support for the Congo rebels.

The timing of elections originally scheduled for late this month, remains controversial. Leftists have been pressing for a delay, hoping for time to develop a broader popular base than they now have. The recent breakdown of a conference concerning the status of the southern Negroid provinces provides an argument for delay. Elections there clearly will be impossible for some time. Many moderate northerners agree with the leftist argument that elections should be truly nationwide lest excluding the south further encourage separatism.

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LEOPOLDVILLE FORCES SCORE RAPID GAINS IN NORTHEAST CONGO

Government columns have dealt a serious blow to the Congolese rebellion by quickly capturing all the significant rebel-held towns in the northeast Congo and along the Sudanese and Uganda borders. Rebel resistance was surprisingly light.

In just ten days Colonel Hoare's force of 300 mercenaries and 500 Congolese moved with almost lightning speed to secure control of the major arms supply routes from the Sudan and Uganda. Rebel "strongholds" often fell without a shot, and sizable quantities of Communist-manufactured arms and equipment have been captured. Aru on the Ugandan border fell on 25 March, Aba on the Sudanese frontier fell two days later, and Faradje and Watsa, once believed to have been major rebel bastions, fell on 28 and 29 March.

Many of the rebels have fled into the Sudan and Uganda. Although sizable bands remain active in the northeast, their situation is precarious. Hoare's main force now is in Watsa preparing to move against a large group of rebels to the southwest.

The main area of concern now is the Fizi region on Lake Tanganyika. Rebels have been building up strength there for some time,

attacks on Uvira to the north and on Albertville to the south may be in the offing. The rebels here have been supplied by water from Tanzania and

have received some training across the lake at Kigoma. The eight Congolese boats now patrolling Lake Tanganyika had some success in choking off supplies.

Government control of the supply routes into the northeast may now force a reassessment by the rebels' supporters. Uganda, fearful of mercenary incursions, shows signs of backing away from further involvement. The same pressures and concerns may lead Khartoum to reassess its policies. Now that Tshombé is sitting on the Sudan border he can worry Khartoum by giving aid to the southern Sudanese dissidents.

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Among the African radicals, however, at least Ghana is evidently pressing for greater joint support of the rebels.

Meanwhile, another rebel "unity" conference is reported to be convening in Cairo. Efforts are apparently being made to reconcile Egide Bocheley-Davidson, leader of what was once the Brazzaville faction of Congolese dissidents, and Christophe Gbenye, "president" of the "Congo People's Republic."

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LEFTWARD TREND CONTINUES IN BRAZZAVILLE CONGO

The persistent leftward drift in Congo (Brazzaville) will probably be accelerated by former president Youlou's escape to Leopoldville on 26 March, shortly before he was to go on trial. Although no internal disturbances have yet ensued, this latest evidence of security weaknesses will compound the Brazzaville leaders' morbid fears of conspiracy from Leopoldville, where they see the US as the prime mover. The escape could also trigger a new bid by the regime's extremists to improve their power position at the expense of more moderate elements.

For some months the population has been kept submissive by unofficial curfews, arbitrary arrests, nocturnal patrols by militant youth groups, house searches, and fabricated charges of antigovernment activities. Within the regime itself, extreme leftists who preach revolution for revolution's sake and favor Chinese Communist models have been in the ascendancy.

Since late last year the country's single party, the

National Revolutionary Movement, has launched a series of moves to make the armed forces a branch of the party, like the labor, youth, and women's organizations. The army was reorganized as the National People's Army (ANP) early in 1965, under Major David Mountsaka. Suspect officers have been transferred from key posts. The new ANP is carrying out a campaign to identify itself more closely with the civilian population and to enlist the people's support of the regime. Its new radio series consists of indoctrination courses with heavy Chinese borrowings.

Military aid has begun to arrive from Communist countries 25X1 and radical African states in response to Brazzaville's pleas for support.

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Europe

INCREASING PRESSURES ON THE MORO GOVERNMENT

The center-left parties that make up Italy's governing coalition must reach agreement within the next few weeks on several extremely divisive issues or face the prospect of another cabinet crisis. Despite protracted negotiations, the positions of the Christian Democratic (CD) and Socialist (PSI) parties on key elements of the reform program--particularly the urban renewal law and the school bill--remain far apart.

stand on certain of its differences with the CD. In particular, the party feels compelled to stand its ground on matters concerning church-state relations and on CD attempts to dilute the government's reform program. Otherwise it would face charges of being captured by the CD and of no longer representing the interests of its working class following.

There are indications that the Vatican's policy of generally accepting the center-left might shift into opposition unless the Catholic Church's interests are protected in the proposed urban renewal law and the bill to reform the school system. As the CD can be expected to adhere to the Vatican's wishes, a showdown situation may develop if the Constitutional Court rules in the near future to exempt the extensive Vatican-owned properties from any government controls or taxation under the urban renewal law. It would be very difficult for the PSI to accept such a ruling or certain proposed changes in the school law that favor the church. While Moro has an exceptional ability to work out compromises, he has very little leeway to maneuver on either of these questions.

Both Moro and CD party secretary Rumor claim that PSI positions are such that the party must bear the responsibility if the coalition fails. Moro is likely to reiterate this position in Washington if he goes through with plans to visit the US on 19-21 April.

A crisis that seemed to be building up last week over a PSI resolution criticizing the use of gas in Vietnam was averted when the party accepted Foreign Minister Fanfani's explanation in Parliament. Events in recent weeks, nevertheless, have shown that the PSI leadership apparently has decided that it must take a stronger public

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Europe

EURATOM DEBATES BASIC RESEARCH POLICY

The EURATOM Council of Ministers was unable to meet its self-imposed target date of 1 April for revision of EURATOM's five-year \$450-million research program. The future shape of the program is now likely to be determined largely by the outcome of a debate over industrial policy in various EURATOM forums.

The EURATOM Commission has called for a symposium of technical and industrial representatives and nuclear scientists to be held in Venice in mid-April for a broader exchange of ideas on industrial nuclear policy. The debate here and later in the Council of Ministers will examine claims that the European community would derive commercial and industrial--if not research--advantages from a research program less dependent on the US and more "European" in technical character. France has long sought to persuade EURATOM to switch to such a program, which would more directly serve its own national program. France's arguments appear to have had some success already within the EURATOM Commission.

The French last year called for dropping further work on "proven" reactors of the US type (light-water-moderated, enriched-uranium-fueled) in favor of concentration on the ORGEL (organic-cooled, heavy-water-moderated, natural-uranium-fueled) Canadian reactor and "fast breeder"

plutonium-fueled reactors, both in experimental stages. Because it produces more fuel than it uses, the "fast breeder" type is widely regarded as the power reactor of the future.

While France's partners in some degree all share its desires to redirect research efforts, they reject the more extreme arguments for exclusion of US-type reactors. Some are keenly aware of the enormous commercial advantages to France of such exclusion by virtue of its monopoly in Europe of nuclear manufacturing experience and technology.

Italy and Belgium have US-type reactors in operation and are just getting into the nuclear-generated power business with them. They quite properly fear that if "proven" reactor development is eliminated from EURATOM's program in favor of pure research on advanced reactor concepts, the "proven" types will have to be perfected exclusively by national research programs. The ultimate benefits of community research would accrue largely to France, and other less-advanced countries would be put at a further industrial-commercial disadvantage in the competition of coming decades to meet the expected demand for second-generation power reactors. 25X1

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CRISIS THREATENED IN BRITISH GUIANA'S GOVERNING COALITION

British Guiana's coalition government is threatened with a crisis as a result of a divergence of views between Premier Burnham and Finance Minister D'Aguiar over tax policies. This dispute--the first since Burnham's National People's Congress and D'Aguiar's United Force formed the coalition last December--centers on D'Aguiar's desire to abolish taxes on real property, capital gains, and gifts in hopes of stimulating economic growth. Burnham flatly refused to sanction these cuts.

Although neither leader has shown willingness to give ground on the issue so far, a concerted effort to reach an accommodation undoubtedly will be made before 9 April, when the regime's tax policies are scheduled to be introduced in the legislature. In the event such efforts fail, D'Aguiar

might resign and perhaps force the dissolution of the coalition.

Burnham and D'Aguiar have thus far governed with considerably less friction than had generally been anticipated. This probably has been due mainly to their mutual determination to prevent former premier Cheddi Jagan from regaining power. They have also settled some of their many personal differences. D'Aguiar, for example, has evidently reversed his earlier stand and now shares Burnham's conviction that independence must be obtained quickly.

The chances are that the present friction over taxes will be smoothed over. However, new clashes may develop during the effort to develop a comprehensive government program to be presented at the forthcoming legislative sessions. 25X1

LEFTISTS STAGE ARMED ATTACK IN SOUTHERN BRAZIL

An armed attack on three small communities in southern Brazil on 26 March by some 20-30 uniformed men was the first serious instance of politically motivated terrorism since President Castello Branco assumed office nearly a year ago. The

band, led by Jefferson Osorio, a leftist former army lieutenant colonel, raided police posts and a radio installation. The raiders broadcast an antigovernment proclamation, and seized a few weapons, some ammunition, and a number of uniforms. At last

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report, the army had killed three of them and with cooperation from the local civilian population captured most of the others, including Osorio.

Last week's episode probably will lead Brazil to bring further pressure on Uruguay for stricter control of Brazilian exile activities.

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NEW TROUBLES IN BOLIVIA

A new crisis is brewing in Bolivia, where government efforts to deal with a nationwide petroleum strike may precipitate clashes between the military and the strikers. The armed forces have taken over management of nationalized petroleum refineries from striking workers in Cochabamba and Sucre, and have been authorized to maintain order by force if necessary. The US Embassy believes the strike was instigated for political reasons by Juan Lechin's National Leftist Revolutionary Party, which controls some petroleum workers' unions.

In the tin industry also, wildcat strikes have hit several nationalized mines in the past few days, and an industry-wide strike appears imminent. Other strikes by teachers as well as factory and construction workers are pending. In a strike situation of such pro-

portions, the military may be forced into harsh countermeasures.

The labor trouble follows hard on the heels of last week's political crisis generated by the attempted assassination of junta president Barrientos. Political tension eased considerably after the junta issued a decree postponing elections from 26 September until 24 October. This temporarily resolved the issue of Barrientos' resigning by 26 March if he were to pursue his presidential ambitions, according to the constitution.

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CUBA AND THE SINO-SOVIET DISPUTE

As the dispute between Moscow and Peiping intensifies, the Castro regime is finding it increasingly difficult to avoid being caught in the cross-fire. Moscow has stepped up the pressure for more explicit support against Peiping, and the Chinese have begun charging the Cubans with "revisionism." Events since last November have demonstrated that the Cubans, perhaps mindful of Moscow's economic leverage, have moved closer to the Soviet position even though they continue to assert determination to maintain an independent posture in the Communist world.

The meeting of Latin American Communist leaders in Havana last November seems to have been a kind of watershed. This meeting, arranged by Moscow, represented a major bid to isolate the more radical, pro-Chinese splinter factions in Latin America and to reassert Soviet policy direction in an area where Peiping had been making irritating inroads. Chinese anger, kindled by the Havana session, was almost certainly intensified by Cuba's decision to send a high-level delegation headed by Raul Castro to the "consultative meeting" in Moscow early last month.

A speech by Fidel Castro on 13 March was another indication of exasperation over the divergent pressures generated by the Sino-Soviet split. He lectured both sides on the harmful impact of their quarrel on world Communism in general and on Vietnam in particular. His strong suggestion that Moscow should take the risks in Southeast Asia today that it refused to take in Cuba during the 1962 missile crisis was followed by an apparent attack, on Chinese propaganda efforts in Cuba. Pravda printed the full text of Castro's speech, but the Peiping press made no reference to it.

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